

# CITY OF HARTFORD

## INTERDEPARTMENTAL MEMORANDUM

**Date:** August 26, 2016

**To:** City of Hartford Internal Audit Commission

**From:** Craig S. Trujillo, Deputy Chief Auditor  
*CS7*

**Telephone:** Office 860-757-9952  
Mobile 860-422-3600

**Subject:** **Downtown North Development/Dunkin Donuts Baseball Stadium**

At the request of the Internal Audit Commission and on behalf of some concerned Connecticut citizens, we prepared a compilation of the City's investment associated with the Downtown North (DONO) development project, including specifically concentrating on the economic investment related to the construction of the Dunkin Donuts Baseball Stadium from inception to date August 2016. The DONO development plan includes land parcels "A" through "G" encompassing about 19 acres. The amounts listed below were compiled from City of Hartford official records, which were reviewed and agreed upon with Department of Development Services management, the Chief Operating Officer (COO) and the Chief Financial Officer (CFO). Not included below are costs associated with the Centerplan/DONO vs. the City of Hartford litigation related to the Stadium shutdown by the Mayor and the value of all the time spent on the stadium by City management and staff. Those amounts could be in excess of a million dollars. These, and other considerations relating to these amounts, are noted in the footnotes below. As indicated below, the City's investment in the DONO project is \$102M to date. We also noted that the City currently has approximately \$4.4M left specifically for the DONO project, but has not paid its May 2016 invoice from Centerplan, which is approximately \$5.0M. There is also an expected cost to finish the stadium, which cannot be estimated by Internal Audit at this time. We understand Arch Insurance, the surety bondholder, is in the final process of determining the work that needs to be done and the related cost to finish the stadium. The City is working on an alternate financial plan to finish the stadium if Arch decides not to cover the costs for the completion. We thank the City Assessor, COO, CFO, Development Services management, and Finance department staff that worked with us in preparing this analysis.

	<u>Bonding</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Economic Value</u>
<b>Stadium:</b>				
Initial Construction Funding	\$56,000,000	\$56,000,000	\$0	\$56,000,000 (1)
Completion Construction Funding	\$5,500,000	\$1,100,000	\$4,400,000	\$5,500,000 (2)
Pendulum Studios LLC (Architect)		\$2,356,989	\$25,983	\$2,382,972
International Facilities Group (Hartford Owners Representative)		\$1,021,310	\$150,690	\$1,172,000
TriState - Materials Testing/Special Inspections		\$225,575	\$0	\$225,575
Original Economic Site Development paid through Updike Kelly and Spellacy Law Firm		\$248,416	\$0	\$248,416
Freeman Companies - Geopier Settlement Monitoring/Geotech		\$19,014	\$486	\$19,500
Engineering: Beta Group		\$135,000	\$0	\$135,000
Environmental Design: Weston & Sampson Engineers		\$107,685	\$0	\$107,685
Tetra Tech Inc.		\$171,949	\$131,432	\$303,381
Squire Patton Boggs LLP		\$888,382	\$0	\$888,382
<b>Stadium is built on Parcel "A"</b> (3)				
Land Acquisition paid from Capital funds - Parcel "A" 271 & 273 Windsor Street		\$1,786,588	N/A	\$1,541,300
Taxes due Hartford on 273 Windsor Street not paid as part of the acquisition		\$17,299	N/A	\$0
Parcel "A" City acquired in 2006 (1214-1218 Main Street)		<u>\$10</u>	<u>N/A</u>	<u>\$3,183,400</u>
<b>Total Stadium</b>		<b><u>\$64,078,218</u></b>	<b><u>\$4,708,591</u></b>	<b><u>\$71,707,611</u></b>
<b>Hartford Infrastructure:</b>				
Road Work - Centerplan		\$11,339,216	\$2,063,865	\$13,403,081
Road Work - Beta Group		\$1,766,961	\$7,172	\$1,774,133
Environmental Design - URS Corp		\$23,032	\$7,730	\$30,762
Engineering - Freeman Companies		\$119,901	\$7,839	\$127,740
Frontier Communications		\$245,116	\$0	\$245,116
Eversource		\$250,000	\$0	\$250,000
Connecticut Natural Gas		\$0	\$55,000	\$55,000
Metropolitan District Commission		<u>\$23,982</u>	<u>\$0</u>	<u>\$23,982</u>
<b>Total Infrastructure</b>		<b><u>\$13,768,208</u></b>	<b><u>\$2,141,606</u></b>	<b><u>\$15,909,814</u></b>
<b>Mixed Use Development - DONO:</b>				
Parcels "B", "C" and "D" acquired by Eminent Domain paid from Capital funds		\$1,996,751	N/A	\$1,673,900
Taxes written-off on Properties Acquired by Eminent Domain		\$138,727	N/A	\$0
Parcel "G" acquired for the unpaid taxes of \$1,615,188.		\$1,615,188	N/A	\$5,419,900
Parcel "G" environmental remediation		\$428,939	N/A	\$428,939
Parcel "F" - 1212 Main Street purchased in 1968.		\$136,000	N/A	\$3,727,600
Parcels "E"		<u>\$3,269,000</u>	<u>N/A</u>	<u>\$3,597,400</u>
<b>Total Mixed Use Development</b>		<b><u>\$7,584,605</u></b>	<b><u>\$0</u></b>	<b><u>\$14,847,739</u></b>
<b>Grand Total</b>		<b><u>\$85,431,031</u></b>	<b><u>\$6,850,197</u></b>	<b><u>\$102,465,164</u></b>

***Footnotes:***

- (1) The original bonding of \$63,372,746 included Capitalized Interest of \$4,351,749, Debt Service Reserve of \$2,131,716, Issuance Cost of \$517,768 and the Underwriter's Discount of \$371,513.
- (2) In January 2016, the City of Hartford, Centerplan and the Yard Goats acknowledged that an additional \$10.4M was needed to complete Dunkin Donuts Stadium. The City bonded \$6.4M that included capitalized interest, debt service reserve and issuance costs, which \$5.5M was allocated to finish the stadium. The COO and the CFO informed us that the Yard Goats and Centerplan originally agreed to pay the balance of \$4.9M.
- (3) Verified with Development Services and the Hartford Assessor that the Stadium is built entirely on these parcels, except for a small portion of parcel 271's SE corner.
- (4) Costs related to the shut down of the project such as legal, fire and police protection etc. are not included in the above analysis.
- (5) The cost related to management's time and expense to this project are not included in the above analysis.
- (6) The final cost to finish the stadium is still yet to be determined by the surety bond carrier.
- (7) Parcels noted in this document are stated at fair market value per the City Assessor in the Economic Value column.
- (8) Parcel "A" consists of 1214 Main Street and 271/273 Windsor Street.
- (9) Parcels "B", "C" & "D" consists of 425, 426, 439, 450, 451, 463,472-474 & 479 Uccello Street, 214, 220, 226, 232, 234, & 240 High Street, 1261, 1267, 1269, 1269H Main Street.
- (10) Parcel "E" consists of 40, 44 & 58 Chapel Street, 1143, 1161, 1181-1183, 1185, 1189, 1209, 1213, 1229, & 1243 Main Street.
- (11) Parcel "F" consists of 1212 Main Street & Parcel "G" consists of 150 Windsor Street.

**Distribution:**

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